

105TH CONGRESS  
1ST SESSION

# H. R. 3010

To amend the Foreign Assistance Act of 1961 to target assistance to support the economic and political independence of the countries of the South Caucasus.

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## IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 9, 1997

Mr. PALLONE (for himself, Mr. SHERMAN, Mr. FOX of Pennsylvania, Mr. VIS-CLOSKY, Mr. BONIOR, Ms. ESHOO, Mr. KENNEDY of Rhode Island, Mr. ROTHMAN, Mr. ROGAN, Mr. WEYGAND, Mr. RADANOVICH, Mr. MARKEY, Mr. MORAN of Virginia, and Mr. KENNEDY of Massachusetts) introduced the following bill; which was referred to the Committee on International Relations, and in addition to the Committees on Ways and Means, and Banking and Financial Services, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

To amend the Foreign Assistance Act of 1961 to target assistance to support the economic and political independence of the countries of the South Caucasus.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

### 3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “United States-  
5 Caucasus Policy Act of 1997”.

1 **SEC. 2. FINDINGS.**

2 Congress makes the following findings:

3 (1) The newly independent countries of the  
4 South Caucasus region, Armenia, Georgia, and Azer-  
5 baijan, after decades of domination as part of the  
6 Soviet Union, have charted a new course as inde-  
7 pendent, sovereign nations.

8 (2) Economic interdependence spurred mutual  
9 cooperation among the peoples of the Caucasus and  
10 restoration of the historic relationships and economic  
11 ties between those peoples is an important element  
12 of ensuring their sovereignty as well as the success  
13 of democratic and market reforms.

14 (3) The development of strong political and eco-  
15 nomic ties between countries of the South Caucasus  
16 and the West will foster stability in the region.

17 (4) The development of open market economies,  
18 open democratic systems, and the removal of all  
19 blockades and border closures in the countries of the  
20 South Caucasus will provide positive incentives for  
21 international private investment, increased trade,  
22 and other forms of commercial interactions with the  
23 rest of the world.

24 (5) The Caspian Sea Basin, overlapping the  
25 territory of the countries of the South Caucasus and

1 Central Asia, contains significant oil and gas re-  
2 serves.

3 (6) The region of the South Caucasus and the  
4 neighboring region of Central Asia may produce oil  
5 and gas in sufficient quantities to reduce the de-  
6 pendence of the United States on energy from the  
7 volatile Persian Gulf region.

8 (7) United States foreign policy and inter-  
9 national assistance should support democracy-build-  
10 ing, free-market policies, human rights, and regional  
11 economic integration among the countries of the  
12 South Caucasus.

13 **SEC. 3. POLICY OF THE UNITED STATES.**

14 It shall be the policy of the United States in the coun-  
15 tries of the South Caucasus—

16 (1) to promote and strengthen independence,  
17 sovereignty, democratic government, and respect for  
18 human rights;

19 (2) to assist actively in the resolution of re-  
20 gional conflicts and the lifting of all blockades and  
21 re-opening of closed borders;

22 (3) to promote friendly relations and economic  
23 cooperation;

24 (4) to help promote market-oriented principles  
25 and practices;

1           (5) to assist in the development of the infra-  
2           structure necessary for communications, transpor-  
3           tation, and energy and trade on an East-West axis  
4           in order to build strong international relations and  
5           commerce between those countries and the stable,  
6           democratic, and market-oriented countries of the  
7           Euro-Atlantic Community; and

8           (6) to support United States business interests  
9           and investments in the region.

10 **SEC. 4. UNITED STATES EFFORTS TO RESOLVE CONFLICTS**  
11 **IN GEORGIA AND AZERBAIJAN.**

12       It is the sense of Congress that the President should  
13 use all diplomatic means practicable, including the engage-  
14 ment of senior United States Government officials, to  
15 press for an equitable, fair, and permanent resolution ac-  
16 ceptable to all parties to the conflict in Nagorno-Karabakh  
17 and other regional conflicts.

18 **SEC. 5. AMENDMENT OF THE FOREIGN ASSISTANCE ACT OF**  
19 **1961.**

20       Part I of the Foreign Assistance Act of 1961 (22  
21 U.S.C. 2151 et seq.) is amended by adding at the end  
22 the following new chapter:

1 **“Chapter 12—Support for the Economic and**  
2 **Political Independence of the Countries**  
3 **of the South Caucasus**

4 **“SEC. 499. UNITED STATES ASSISTANCE TO PROMOTE REC-**  
5 **ONCILIATION AND RECOVERY FROM RE-**  
6 **GIONAL CONFLICTS.**

7 “(a) PURPOSE OF ASSISTANCE.—The purposes of as-  
8 sistance under this section are—

9 “(1) to create the basis for reconciliation be-  
10 tween conflicting parties;

11 “(2) to promote economic development in areas  
12 of the countries of the South Caucasus impacted by  
13 civil conflict and war; and

14 “(3) to encourage broad regional cooperation  
15 among countries of the South Caucasus that have  
16 been destabilized by internal conflicts.

17 “(b) AUTHORIZATION FOR ASSISTANCE.—

18 “(1) IN GENERAL.—To carry out the purposes  
19 of subsection (a), the President is authorized to pro-  
20 vide humanitarian assistance and economic recon-  
21 struction assistance under this Act, and assistance  
22 under the Migration and Refugee Assistance Act of  
23 1962 (22 U.S.C. 2601 et seq.), to the countries of  
24 the South Caucasus to support the activities de-  
25 scribed in subsection (c).

1           “(2) DEFINITION OF HUMANITARIAN ASSIST-  
 2           ANCE.—In this subsection, the term ‘humanitarian  
 3           assistance’ means assistance to meet urgent humani-  
 4           tarian needs, in particular meeting needs for food,  
 5           medicine, medical supplies and equipment, and  
 6           clothing.

7           “(c) ACTIVITIES SUPPORTED.—Activities that may  
 8           be supported by assistance under subsection (b) are lim-  
 9           ited to—

10           “(1) providing for the essential needs of victims  
 11           of the conflicts and other individuals in need  
 12           throughout the South Caucasus region, including all  
 13           individuals residing in any area of such conflicts;

14           “(2) facilitating the return of refugees and in-  
 15           ternally displaced persons to their homes; and

16           “(3) assisting in the reconstruction of residen-  
 17           tial and economic infrastructure destroyed by war.

18           “(d) POLICY.—It is the sense of Congress that the  
 19           United States should, where appropriate, support the es-  
 20           tablishment of neutral, multinational peacekeeping forces  
 21           to implement peace agreements reached between  
 22           belligerents in the countries of the South Caucasus.

23           **“SEC. 499A. ECONOMIC ASSISTANCE.**

24           “(a) PURPOSE OF ASSISTANCE.—The purpose of as-  
 25           sistance under this section is to foster the conditions nec-

1 essary for regional economic cooperation in the South  
2 Caucasus.

3 “(b) AUTHORIZATION FOR ASSISTANCE.—To carry  
4 out the purpose of subsection (a), the President is author-  
5 ized to provide technical assistance to the countries of the  
6 South Caucasus to support the activities described in sub-  
7 section (c).

8 “(c) ACTIVITIES SUPPORTED.—Activities that may  
9 be supported by assistance under subsection (b)—

10 “(1) shall be limited to the development of the  
11 structures and means necessary for the growth of  
12 private sector economies based upon market prin-  
13 ciples; and

14 “(2) shall not include assistance that jeopard-  
15 izes or otherwise interferes with the ongoing efforts  
16 to resolve the conflicts in the South Caucasus re-  
17 gion.

18 “(d) POLICY.—It is the sense of Congress that the  
19 United States should—

20 “(1) assist the countries of the South Caucasus  
21 to develop laws and regulations that would facilitate  
22 the ability of those countries to join the World  
23 Trade Organization;

1 “(2) provide permanent nondiscriminatory trade  
2 treatment (MFN status) to the countries of the  
3 South Caucasus; and

4 “(3) consider the establishment of zero-to-zero  
5 tariffs between the United States and the countries  
6 of the South Caucasus.

7 **“SEC. 499B. DEVELOPMENT OF INFRASTRUCTURE.**

8 “(a) PURPOSE OF ASSISTANCE.—The purposes of as-  
9 sistance under this section are—

10 “(1) to develop the physical infrastructure nec-  
11 essary for regional cooperation among the countries  
12 of the South Caucasus; and

13 “(2) to encourage closer economic relations be-  
14 tween those countries and the United States and  
15 other developed nations.

16 “(b) AUTHORIZATION FOR ASSISTANCE.—To carry  
17 out the purposes of subsection (a), the following types of  
18 assistance to the countries of the South Caucasus are au-  
19 thorized to support the activities described in subsection  
20 (c):

21 “(1) Activities by the Export-Import Bank to  
22 complete the review process for eligibility for financ-  
23 ing under the Export-Import Bank Act of 1945.



1           “(2) The provision of insurance, reinsurance, fi-  
2           nancing, or other assistance by the Overseas Private  
3           Investment Corporation.

4           “(3) Assistance under section 661 of this Act  
5           (relating to the Trade and Development Agency).

6           “(c) ACTIVITIES SUPPORTED.—Activities that may  
7           be supported by assistance under subsection (b)—

8           “(1) shall be limited to promoting actively the  
9           participation of United States companies and inves-  
10          tors in the planning, financing, and construction of  
11          infrastructure for communications, transportation,  
12          and energy and trade including highways, railroads,  
13          port facilities, shipping, banking, insurance, tele-  
14          communications networks, and gas and oil pipelines;  
15          and

16          “(2) shall not include assistance that jeopard-  
17          izes or otherwise interferes with the ongoing efforts  
18          to resolve the conflicts in the South Caucasus re-  
19          gion.

20          “(d) POLICY.—It is the sense of Congress that the  
21          United States representatives at the World Bank, the  
22          International Monetary Fund, and the European Bank for  
23          Reconstruction and Development should encourage lend-  
24          ing to the countries of the South Caucasus to assist the

1 development of the physical infrastructure necessary for  
2 regional economic cooperation.

3 **“SEC. 499C. SECURITY ASSISTANCE.**

4       “(a) PURPOSE OF ASSISTANCE.—The purpose of as-  
5 sistance under this section is to assist countries of the  
6 South Caucasus to secure their borders and implement ef-  
7 fective controls necessary to prevent the trafficking of ille-  
8 gal narcotics and the proliferation of technology and mate-  
9 rials related to weapons of mass destruction (as defined  
10 in section 2332a(c)(2) of title 18, United States Code),  
11 and to contain and inhibit transnational organized crimi-  
12 nal activities.

13       “(b) AUTHORIZATION FOR ASSISTANCE.—To carry  
14 out the purpose of subsection (a), the President is author-  
15 ized to provide the following types of assistance to the  
16 countries of the South Caucasus to support the activities  
17 described in subsection (c):

18               “(1) Assistance under chapter 5 of part II of  
19 this Act (relating to international military education  
20 and training).

21               “(2) Assistance under chapter 8 of this part of  
22 this Act (relating to international narcotics control  
23 assistance).

24               “(3) The transfer of excess defense articles  
25 under section 516 of this Act (22 U.S.C. 2321j).

1       “(c) ACTIVITIES SUPPORTED.—Activities that may  
2 be supported by assistance under subsection (b)—

3               “(1) shall be limited to assisting those countries  
4 of the South Caucasus in developing capabilities to  
5 maintain national border guards, coast guard, and  
6 customs controls; and

7               “(2) shall not include assistance that jeopard-  
8 izes or otherwise interferes with the ongoing efforts  
9 to resolve the conflicts in the South Caucasus re-  
10 gion.

11       “(d) POLICY.—It is the sense of Congress that the  
12 United States should encourage and assist the develop-  
13 ment of regional military cooperation among the countries  
14 of the South Caucasus through programs such as the  
15 Central Asian Battalion and the Partnership for Peace of  
16 the North Atlantic Treaty Organization.

17 **“SEC. 499D. STRENGTHENING DEMOCRACY, TOLERANCE,**  
18 **AND THE DEVELOPMENT OF CIVIL SOCIETY.**

19       “(a) PURPOSE OF ASSISTANCE.—The purpose of as-  
20 sistance under this section is to promote institutions of  
21 democratic government and to create the conditions for  
22 the growth of pluralistic societies, including religious toler-  
23 ance.

24       “(b) AUTHORIZATION FOR ASSISTANCE.—To carry  
25 out the purpose of subsection (a), the President is author-

1 ized to provide the following types of assistance to the  
2 countries of the South Caucasus.

3 “(1) Technical assistance for democracy build-  
4 ing.

5 “(2) Technical assistance for the development  
6 of nongovernmental organizations.

7 “(3) Technical assistance for development of  
8 independent media.

9 “(4) Technical assistance for the development  
10 of the rule of law.

11 “(5) International exchanges and advanced pro-  
12 fessional training programs in skill areas central to  
13 the development of civil society.

14 “(c) ACTIVITIES SUPPORTED.—Activities that may  
15 be supported by assistance under subsection (b) are lim-  
16 ited to activities that directly and specifically are designed  
17 to advance progress toward the development of democracy.

18 “(d) POLICY.—It is the sense of Congress that the  
19 Voice of America and RFE/RL, Incorporated, should  
20 maintain high quality broadcasting for the maximum du-  
21 ration possible in the native languages of the countries of  
22 the South Caucasus.

23 **“SEC. 499E. INELIGIBILITY FOR ASSISTANCE.**

24 “(a) IN GENERAL.—Except as provided in subsection  
25 (b), assistance may not be provided under this chapter for

1 a country of the South Caucasus if the President deter-  
2 mines and certifies to the appropriate congressional com-  
3 mittees that the country—

4 “(1) is engaged in a consistent pattern of gross  
5 violations of internationally recognized human  
6 rights;

7 “(2) has established any border closure or use  
8 of an economic or commercial blockade;

9 “(3) has, on or after the date of enactment of  
10 this chapter, knowingly transferred to another coun-  
11 try—

12 “(A) missiles or missile technology incon-  
13 sistent with the guidelines and parameters of  
14 the Missile Technology Control Regime (as de-  
15 fined in section 11B(c) of the Export Adminis-  
16 tration Act of 1979 950 U.S.C. App. 2410b(c);  
17 or

18 “(B) any material, equipment, or tech-  
19 nology that would contribute significantly to the  
20 ability of such country to manufacture any  
21 weapon of mass destruction (including nuclear,  
22 chemical, and biological weapons) if the Presi-  
23 dent determines that the material, equipment,  
24 or technology was to be used by such country  
25 in the manufacture of such weapons;

1           “(4) has supported acts of international terror-  
2       ism;

3           “(5) is prohibited from receiving such assist-  
4       ance by chapter 10 of the Arms Export Control Act  
5       or section 306(a)(1) and 307 of the Chemical and  
6       Biological Weapons Control and Warfare Elimini-  
7       nation Act of 1991 (22 U.S.C. 5604(a)(1), 5605); or

8           “(6) has initiated an act of aggression against  
9       another state or ethnic population in the region.

10       “(b) EXCEPTION TO INELIGIBILITY.—Notwithstand-  
11     ing subsection (a), assistance may be provided under this  
12     chapter if the President determines and certifies in ad-  
13     vance to the appropriate congressional committees that  
14     the provision of such assistance is important to the na-  
15     tional interest of the United States.

16     **“SEC. 499F. ADMINISTRATIVE AUTHORITIES.**

17       “(a) ASSISTANCE THROUGH GOVERNMENTS AND  
18     NONGOVERNMENTAL ORGANIZATIONS.—Assistance under  
19     this chapter may be provided to governments or through  
20     nongovernmental organizations.

21       “(b) USE OF ECONOMIC SUPPORT FUNDS.—Except  
22     as otherwise provided, any funds that have been allocated  
23     under chapter 4 of part II for assistance for the independ-  
24     ent states of the former Soviet Union may be used in ac-  
25     cordance with the provisions of this chapter.

1       “(c) TERMS AND CONDITIONS.—Assistance under  
2 this chapter shall be provided on such terms and condi-  
3 tions as the President may determine.

4       “(d) SUPERSEDING EXISTING LAW.—The authority  
5 to provide assistance under this chapter supersedes any  
6 other provision of law, except for—

7               “(1) this chapter;

8               “(2) section 634A of this Act and comparable  
9 notification requirements contained in sections of the  
10 annual foreign operations, export financing, and re-  
11 lated programs Act;

12               “(3) section 907 of the Freedom for Russia and  
13 Emerging Eurasian Democracies and Open Markets  
14 Support Act of 1992 (22 U.S.C. 5812 note; relating  
15 to restriction on assistance to Azerbaijan); and

16               “(4) section 1341 of title 31, United States  
17 Code (commonly referred to as the “Anti-Deficiency  
18 Act”), the Congressional Budget and Impoundment  
19 Control Act of 1974, the Balanced Budget and  
20 Emergency Deficit Control Act of 1985, and the  
21 Budget Enforcement Act of 1990.

22 **“SEC. 499G. DEFINITIONS.**

23       “‘In this chapter:

24               “(1) APPROPRIATE CONGRESSIONAL COMMIT-  
25 TEES.—The term ‘appropriate congressional com-

1        mittees’ means the Committee on Foreign Relations  
2        of the Senate and the Committee on International  
3        Relations of the House of Representatives.

4            “(2) COUNTRIES OF THE SOUTH CAUCASUS.—  
5        The term ‘countries of the South Caucasus’ means  
6        Armenia, Azerbaijan, and Georgia.”.

7    **SEC. 6. ANNUAL REPORT.**

8        Beginning one year after the date of enactment of  
9        this Act, and annually thereafter, the President shall sub-  
10       mit a report to the appropriate congressional commit-  
11       tees—

12            (1) identifying the progress of United States  
13        foreign policy to accomplish the policy identified in  
14        section 3;

15            (2) evaluating the degree to which the assist-  
16        ance authorized by chapter 12 of part I of the For-  
17        eign Assistance Act of 1961, as added by section 5  
18        of this Act, was able to accomplish the purposes  
19        identified in those sections; and

20            (3) recommending any additional initiatives  
21        that should be undertaken by the United States to  
22        implement the policy and purposes contained in this  
23        Act.

24    **SEC. 7. DEFINITIONS.**

25        In this Act:



1           (1) APPROPRIATE CONGRESSIONAL COMMIT-  
2       TEES.—The term “appropriate congressional com-  
3       mittees” means the Committee on Foreign Relations  
4       of the Senate and the Committee on International  
5       Relations of the House of Representatives.

6           (2) CENTRAL ASIA.—The term “Central Asia”  
7       means     Kazakstan,     Kyrgystan,     Tajikistan,  
8       Turkmenistan, and Uzbekistan.

9           (3) COUNTRIES OF THE SOUTH CAUCASUS.—  
10      The term “countries of the South Caucasus” means  
11      Armenia, Azerbaijan, and Georgia.

